



December 23, 2004

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 02-79/03-124/03-126

Dear Secretary Cottrell:

On behalf of Massachusetts Electric Company, Nantucket Electric Company (together "Mass. Electric" or "Company"), and New England Power Company ("NEP"), we are responding to the comments of the Massachusetts Health and Education Facilities Authority ("HEFA")¹ and Select Energy, Inc. ("Select") on the November 18, 2004 Offer of Settlement between Mass. Electric, NEP, and the Massachusetts Attorney General filed in the above-captioned dockets ("Settlement").² Select "generally agrees" with the comments of Constellation and the Restructuring Signatories that Mass. Electric is entitled to recover its standard offer supply costs and joins these parties in recommending that the Department direct Mass. Electric to recover its outstanding standard offer supply comments from either today's standard offer customers through supply charges beginning as soon as possible or by a surcharge on default service rates. HEFA supports the Restructuring Signatories' proposal for cost recovery as well.

In our December 17, 2004 comments, we thoroughly addressed this recommendation, and why it is not consistent with the Company's restructuring settlement in D.P.U./D.T.E. 96-25 ("Restructuring Settlement") or in the interest of Mass. Electric's customers. Mass. Electric requests that the Department refer to those comments in addressing recommendations of Select and HEFA. For the reasons stated here and in our initial comments, we do not believe that modification of the initial Restructuring Settlement at this time is either necessary or appropriate.

Mass. Electric notes that HEFA states that a "significant number" of its members have been purchasing electricity from competitive suppliers since 1998. Now that HEFA members have had seven years of benefits from the Restructuring Settlement, HEFA would do away with that portion of the Restructuring Settlement that creates an

¹ HEFA's comments are not timely. Initial comments were due December 13, 2004 and reply comments were due December 17, 2004.

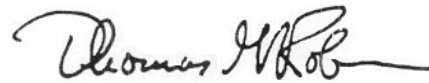
² All defined terms in these comments shall have the meaning set forth in our December 17, 2004 comments.

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obligation for its members, the recovery of deferred supply costs from delivery customers.

We appreciate the opportunity to provide these comments. Thank you very much for your time and attention to this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Thomas G. Robinson".A handwritten signature in cursive script, appearing to read "Amy G. Rabinowitz".

Thomas. G. Robinson
Amy G. Rabinowitz

cc: Service Lists